

AR56



Richmont

Richmont

1997 ANNUAL REPORT

Richmont

THE COMMISSIONING OF
THE NUGGET POND MINE
CONTRIBUTES TO RICHMONT'S
STATUS AS A LOW-COST
GOLD PRODUCER.



RICHMONT

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CORPORATE PROFILE

RICHMONT MINES IS A GROWING GOLD PRODUCER WITH MINING PROPERTIES IN OPERATION IN QUEBEC AND NEWFOUNDLAND. IT HAS A PROVEN RECORD OF OPERATIONAL AND FINANCIAL SUCCESS, THROUGH THE ACQUISITION AND DEVELOPMENT OF SOUND PROJECTS. OVER THE YEARS, THE COMPANY HAS SUCCEEDED IN BUILDING A SOLID TEAM WITH EXCELLENT GOLD PROJECT ASSESSMENT AND OPERATING CAPABILITIES.

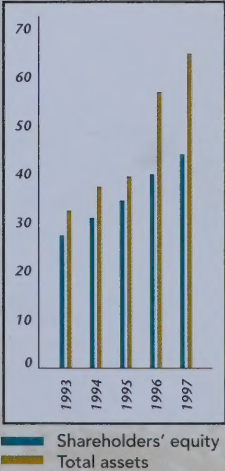
RICHMONT ENJOYS A STRONG FINANCIAL POSITION AND, THROUGH EFFICIENT MANAGEMENT, GENERATES EXCELLENT OPERATING RESULTS. THE COMPANY IS ACTIVELY SEEKING GOLD PROJECTS WORLDWIDE IN PURSUIT OF ITS OBJECTIVE OF BECOMING ESTABLISHED AS A PROFITABLE INTERMEDIATE-SIZE GOLD PRODUCER. ♦

- ◆ RICHMONT POSTS A NET PROFIT FOR THE SIXTH CONSECUTIVE YEAR
- ◆ RICHMONT'S TOTAL PRODUCTION INCREASES BY 140% TO 72,800 OUNCES OF GOLD AT A CASH COST OF US\$215 PER OUNCE
- ◆ THE NUGGET POND MINE IN NEWFOUNDLAND IS SUCCESSFULLY COMMISSIONED IN APRIL 1997
- ◆ NEW GOLD DISCOVERIES AT THE FRANCOEUR MINE ADD 670,000 TONS TO POSSIBLE ORE RESERVES
- ◆ RICHMONT INCREASES ITS STAKE IN LOUVEM MINES FROM 36% TO 69.3%
- ◆ SHARES OF RICHMONT ARE LISTED ON THE AMEX (AMERICAN STOCK EXCHANGE) IN MARCH 1997

1997 HIGHLIGHTS

	1997	1996	1995
RESULTS (millions of CAN\$)			
Total revenues	38.7	20.1	20.2
Net earnings	2.4	2.9	2.9
EARNINGS PER SHARE (CAN\$)	0.16	0.20	0.20
FINANCIAL POSITION (millions of CAN\$)			
Total assets	64.4	55.4	38.3
Cash and equivalents	12.3	11.8	11.6
Shareholders' equity	43.2	38.2	32.7
GOLD RESERVES (in ounces) (proven, probable and possible)	594,500	519,500	603,400

Shareholders' equity and total assets (millions of CAN\$)





AT RICHMONT, 1997 WAS
A YEAR FILLED WITH
SUCCESSIONS THAT ARE
CLEARLY ATTRIBUTABLE
TO OUR EMPLOYEES'
COLLECTIVE EFFORTS. ♦

JEAN-GUY RIVARD

PRESIDENT AND CHIEF EXECUTIVE OFFICER

Message
Message
Message
Message
PRESIDENT'S MESSAGE

For the sixth
CONSECUTIVE YEAR, **Richmont**
Mines POSTS A PROFIT

The melt-down of gold prices on world markets definitely marked 1997 as a difficult year for the gold industry.

Particularly in this context, the news from Richmond Mines is very good. For the sixth straight year, Richmond has posted a profit. Net earnings for 1997 amount to \$2,370,046, or \$0.16 per share, compared to \$2,907,840, or \$0.20 per share, in 1996. Cash flow from operations reached \$10,167,878 (\$0.67 per share) in 1997, up 53% from \$6,650,334 (\$0.46 per share) in 1996. At US\$215 per ounce, the Company's



average cash cost for 1997 was well below its 1996 cost of US\$275 per ounce. While these costs are already below the industry average, we will spare no effort to further reduce costs to US\$210 in 1998.

The year 1997 was highlighted by the commencement of production at the Nugget Pond Mine in Baie Verte, Newfoundland, on April 1. After a ten-month period and a total investment of \$27 million, construction and start-up were achieved on time and within budget. Production amounted to 34,800 ounces at a cash cost of US\$143 per ounce, although the feasibility study had forecast production at 32,000 ounces of gold costing US\$153 per ounce. These results were generated by higher-than-forecast grades and recovery. In 1998, the mine is expected to produce 48,000 ounces of gold at a cash cost of US\$148 per ounce.

Moreover, new gold discoveries were made at the Francoeur Mine in 1997, in line with our objective of always renewing our reserves. These deposits add 670,000 tons to the possible reserves at the mine, for an increase of about 50% in reserves overall. The new reserve calculation was carried out by an independent firm. Submitted at year-end, its report confirmed the size of the gold discoveries at the Francoeur Mine, which consequently had total reserves of 1.7 million tons of ore grading 0.19 ounces of gold per ton as at December 31, 1997.

Production at the Francoeur Mine amounted to 29,000 ounces of gold in 1997 at a cash cost of US\$273 per ounce, compared to 30,100 ounces at a cash cost of US\$275 per ounce in 1996. In 1998, Richmont expects to produce 30,000 ounces of gold from the Francoeur Mine at a cash cost of US\$271 per ounce. Most of the new reserves discovered at the Francoeur Mine are in Zone 7 and will be mined by the long-hole method, allowing production costs to be reduced even further beginning in 1999.

In 1997, Richmont increased its holding in Louvem Mines Inc. from 36% to 69.3%. Louvem's

earnings are therefore consolidated with those of Richmont as of July 1, 1997. The Beaufor Mine, held equally by Louvem Mines and Aurizon Mines Ltd., produced 29,800 ounces of gold in 1997 compared to 25,000 ounces in 1996. The Beaufor Mine is forecast to produce 38,000 ounces of gold in 1998, representing 19,000 ounces for Richmont compared to 9,000 ounces in 1997.

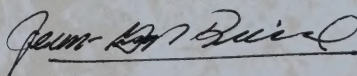
As a result, Richmont's total production increased by more than 140% from 30,100 ounces in 1996 to 72,800 ounces in 1997. In 1998, total production is expected to be 97,000 ounces of gold, 33% higher than in 1997. Meanwhile, the Camflo Mill processed a record 343,000 tons of ore in 1997 compared to 323,000 tons in 1996. This level is expected to be maintained in 1998.

In March 1997, the Company listed its shares for trading on the American Stock Exchange (AMEX) in order to increase Richmont's visibility in the investor community.

With a strong financial position, Richmont is seeking out new, profitable gold projects in order to continue to grow in 1998. The Company's gold hedging program covers 48,000 ounces of gold for 1998 at an average price of US\$377. Combined with the priority we assign to cost reduction, this hedging program will enable us to meet market conditions.

I wish to express my appreciation to the members of the Board of Directors for their invaluable advice and support for the Company's plans. I would also like to acknowledge the skill and energy of all our employees, without whom Richmont could never have achieved the results that it has.

President and Chief Executive Officer



Jean-Guy Rivard

February 10, 1998



GENERAL RESERVE COMPILATION

	PROVEN AND PROBABLE			POSSIBLE			TOTAL		
	Tons	Grade	Ounces	Tons	Grade	Ounces	Tons	Grade	Ounces
FRANCOEUR MINE									
1997	1,004,000	0.19	190,000	717,000	0.20	140,000	1,712,000	0.19	330,000
1996	1,062,000	0.20	207,000	187,000	0.17	32,500	1,249,000	0.19	239,500
NUGGET POND MINE									
1997	430,000	0.35	150,000	45,000	0.23	10,500	475,000	0.34	160,500
1996	488,000	0.36	174,000	—	—	—	488,000	0.36	174,000
BEAUFOR MINE									
(Louvem's share)									
1997	418,000	0.24	100,000	18,000	0.22	4,000	436,000	0.24	104,000
1996	423,000	0.23	97,500	30,000	0.28	8,500	453,000	0.23	106,000
TOTAL									
1997	1,852,000	0.24	440,000	780,000	0.20	154,500	2,623,000	0.23	594,500
1996	1,973,000	0.24	478,500	217,000	0.19	41,000	2,190,000	0.24	519,500

REVIEW OF OPERATIONS

FRANCOEUR MINE

Ownership	100% Richmond
Location	16 miles west of Rouyn-Noranda, Quebec
Type of mine	Underground
Start of commercial production	October 1991
Proven and probable reserves	190,000 ounces of gold
1997 production	29,000 ounces of gold
1998 forecast production	30,000 ounces of gold

CAMFLO MILL

Ownership	100% Richmond
Year of construction	1969
Location	Malartic, Quebec
Mill capacity	1,350 tons per day
Milling method	Merrill-Crowe
1997 recovery rate	96.7%
1997 production	343,000 tons
1998 forecast production	350,000 tons

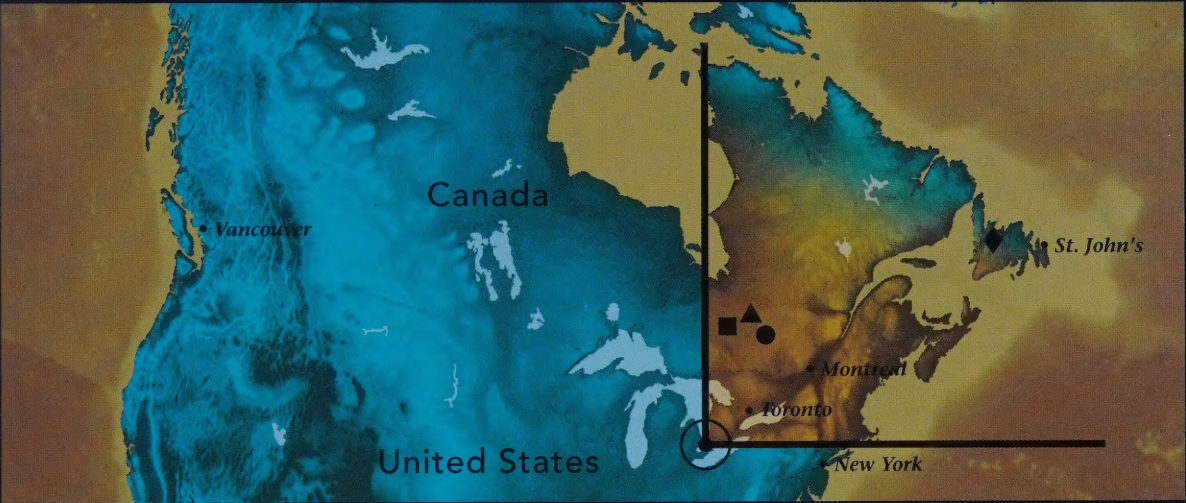
NUGGET POND MINE

Ownership	100% Richmond
Location	Baie Verte peninsula, Newfoundland
Type of mine	Underground
Start of commercial production	April 1997
Proven and probable reserves	150,000 ounces of gold
1997 production	34,800 ounces of gold
1998 forecast production	48,000 ounces of gold
Mill capacity	385 tons per day
Milling method	Carbon-in-pulp
1997 recovery rate	97.3%

BEAUFOR MINE

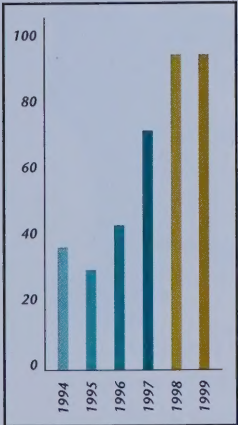
Ownership	50% Louvem*, 50% Aurizon (operator)
Location	16 miles northeast of Val d'Or, Quebec
Type of mine	Underground
Start of commercial production	January 1996
Proven and probable reserves	200,000 ounces of gold
1997 production	29,800 ounces of gold
1998 forecast production	38,000 ounces of gold

*RICHMONT OWNS A 69.3% INTEREST IN LOUVEM MINES

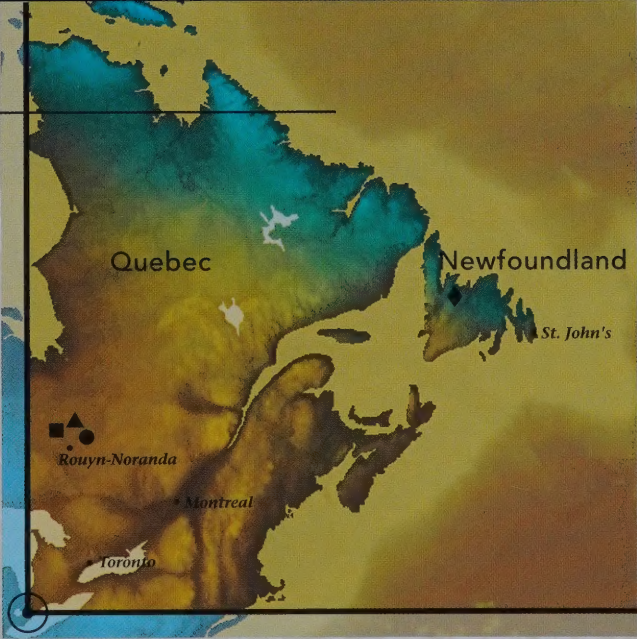


LOCATION MAPS

Total gold production
(thousand ounces)



Current production
Projected production



- Francoeur Mine
- ▲ Camflo Mill
- Beaufor Mine
- ◆ Nugget Pond Mine





FRANCOEUR MINE

Important

GOLD DISCOVERIES

*were made at the
Francoeur Mine* IN 1997



A TEAM OF
DRILLERS IN
ACTION AT THE
FRANCOEUR MINE.

Covering an area of 890 acres, this mining property lies along the Francoeur-Wasa Shear Zone, a branch of the Larder Lake-Cadillac Fault, which is well known in the mining industry.

The Francoeur Mine produced 160,000 tons of ore grading 0.19 ounces of gold per ton. At a recovery of 95.1%, production for the year was 29,000 ounces



of gold at a cash cost of US\$273 per ounce compared to 30,100 ounces at a cash cost of US\$275 last year. In 1996, 163,000 tons of ore grading 0.19 ounces of gold per ton were produced with 93.9% of the gold being recovered. For 1998, Richmond estimates production from the Francoeur mine at 30,000 ounces at a cash cost of US\$271 per ounce.

EXPLORATION

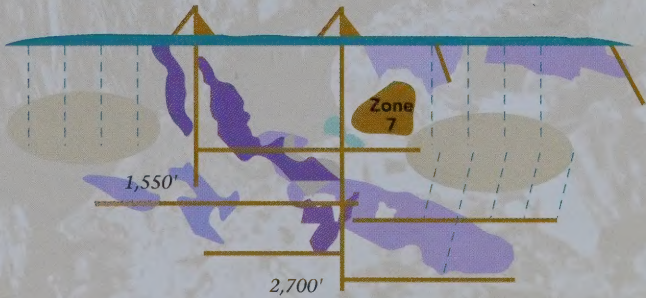
Since the Francoeur Mine began commercial production in 1991, Richmond's exploration programs have resulted in the constant renewal of ore reserves at the mine. The exploration program conducted at the Francoeur Mine in 1997 generated the discovery of a new gold-bearing structure, Zone 7, perpendicular to the Francoeur-Wasa deposit.

This gold discovery is excellent news; the new zone dips to the south while the main structure dips to the north, indicating good potential for further discoveries.

Based on a new reserve estimate, this deposit adds 525,000 tons of ore grading 0.20 ounces per ton of gold to the mine's possible reserves. Richmond plans to mine the new reserves using the long-hole mining method, which will allow the ore to be produced at a lower cost beginning in 1999. A further 145,000 tons of ore grading 0.17 ounces of gold per ton were added to reserves this year from the West Zone, discovered in 1996. Gold discoveries at the Francoeur Mine in 1997 total 670,000 tons, bringing total reserves to 1.7 million tons grading 0.19 ounces of gold per ton as at December 31, 1997, compared to 1996 reserves of 1.2 million tons at an equivalent grade.

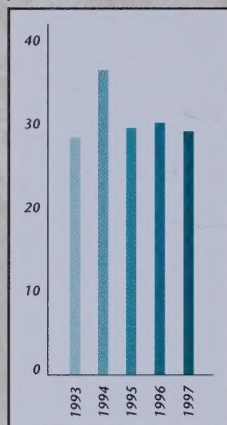


FRANCOEUR
MINE MANAGER
ANDRÉ DE GUISE AND
CHIEF GEOLOGIST
JACQUES DAIGNEAULT
DISCUSS ONGOING
EXPLORATION WORK.



○ Exploration area
○ Mining operation area
— Drifts and shafts
Zone 7 New discovery

**Francoeur Mine gold
production (thousand ounces)**



ON PAGE 9:

DRAFTSPERSON

SUZANNE CÔTÉ

CHECKS DRILL HOLE

DIRECTION USING

A TROPARI TEST.

HUMAN RESOURCES

In safety, Richmond posted an unequalled performance: no compensable accidents were recorded for a second consecutive year, adding up to a total of 734 days. Following this result, three teams of workers from the Francoeur Mine attained milestones in cumulative accident-free hours worked, namely 50,000 hours in two cases and 100,000 hours in the third. This achievement received the recognition of the Quebec Mining Association safety committee. Meanwhile, the mine rescue team from the Francoeur Mine placed second in its division in the annual mining safety competition in 1997, then came first in its division in the 1998 competition. The finals to determine the best team in Quebec for 1998 will be held on the 50th anniversary of the discipline at the end of May, and the Francoeur Mine will be among the four finalists.

Richmont also recognizes the importance of training, and allocates one per cent of its payroll to it. The Mining Act now requires that modular training be provided to all mine workers. In cooperation with the regional school board, Richmont participates actively in this training, thanks to which several employees have obtained their trainer's certificate and can now train other employees. In partnership with the school board, the Company also provides 20-week training sessions; several students have participated in these sessions, thus acquiring valuable work experience on a mine site.





On February 21, 1997, the Company renewed the collective agreement with its unionized employees for a three-year period ending on December 31, 1999. Negotiations were held in a cooperative atmosphere, reflecting the good labour relations fostered at Richmond.

OTHER PROPERTIES LOCATED NEAR THE FRANCOEUR MINE

Richmont owns several properties totalling 2,000 acres covering a six-mile distance along the Francoeur-Wasa Shear Zone. Less than three miles south of the Francoeur Mine lies the Lac Fortune property, hosting mineable reserves of 247,000 tons at an average grade of 0.16 ounces of gold per ton.

In 1997, Richmond conducted a planned nine-hole drilling program along with bulk sampling that resulted in 9,000 tons of ore grading 0.10 ounces of gold per ton being processed at the Camflo Mill. The drilling operation required the prior completion of a 72-foot drift. In all, 4,025 feet were drilled at the western end of the old drilling site. Total cost of this work amounted to \$675,000.

The other properties, the Arncoeur, Wasamac and Guinard-Massia, lie near the Larder Lake-Cadillac Fault and remain in the Company's portfolio due to their potential. No major exploration work was done in 1997 and none is planned for 1998 given the current industry conditions.





NUGGET POND MINE

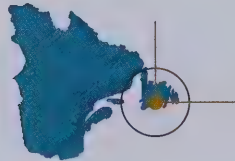
t Pond

THE NUGGET POND MINE

came on stream

AND RESULTS

EXCEED EXPECTATIONS



THE NUGGET POND

MINE FACILITIES INCLUDE

THE ONLY GOLD ORE

PROCESSING PLANT

ON THE ISLAND

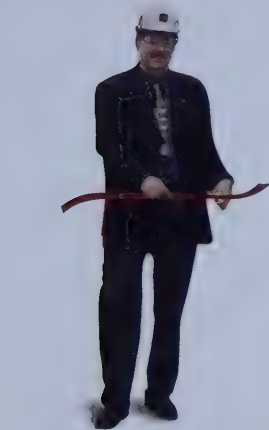
OF NEWFOUNDLAND.

April 1, 1997 was a historic day for the Nugget Pond Mine in Baie Verte, Newfoundland, as it entered into commercial production following a 10-month construction, development and start-up period. This mining project represents an investment of \$27 million, which includes property acquisition, mine development and mill construction. Worthy of note: the mine opening took place on schedule and within budget.



The early months of production proved immensely successful, with production to December 31, 1997 totalling 34,800 ounces of gold at a cash cost of US\$143 per ounce, while the feasibility study had forecast 32,000 ounces at US\$153. A total of 94,000 tons of ore grading 0.38 ounces of gold per ton were mined, and recovery was 97.3%. In 1998, the mine is expected to produce 135,000 tons grading 0.37 ounces per ton, or 48,000 ounces of gold at a cash cost of US\$148 per ounce.

It all began in May 1995 when Richmond acquired a 60% stake in Nugget Pond, later buying the remaining 40% interest in January 1996 to become the sole owner of the project. Richmond's first investment outside Quebec, Nugget Pond is also the only operating gold mine on the island of Newfoundland.



NUGGET POND
MINE MANAGER
STEVEN McALPINE
CUTS THE RIBBON
AT THE MINE
OPENING CEREMONIES.

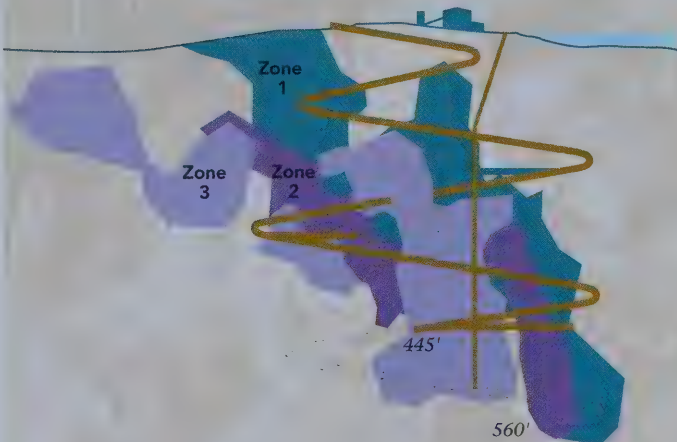
The Nugget Pond property covers an area of 4,870 acres and is easily accessible by a three-mile road linking the site to Route 416, near the town of Snook's Arm. The ore deposit lies in a sedimentary rock sequence called the Nugget Pond Horizon. This deposit consists of three distinct ore zones, with some samples returning grades of over 0.60 ounces of gold per ton.

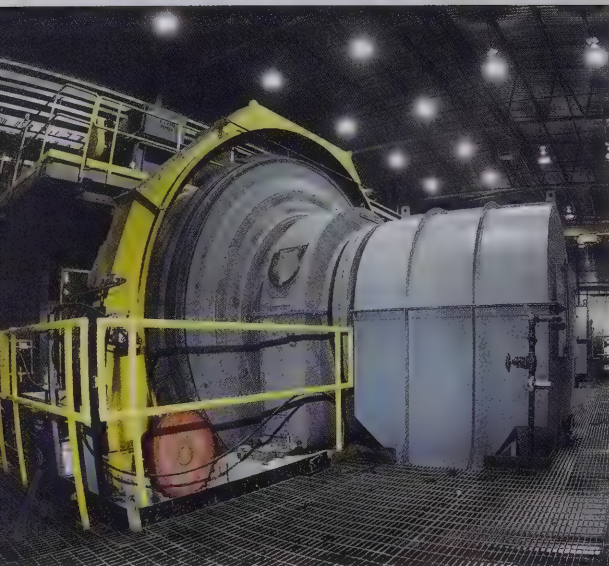
DEVELOPMENT AND EXPLORATION

The first months of 1997 were spent carrying out underground development, construction and mine start-up work. Some 1,200 ounces of gold were recovered at the preproduction stage.

The mining method used is cut-and-fill, whereby the ore is removed immediately after blasting and the openings created by mining are filled.

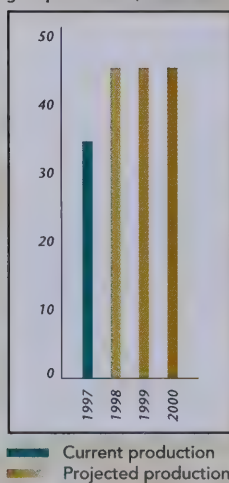
The mine site houses a 385 ton-per-day capacity mill that could eventually perform custom milling, as it is the only gold processing facility in the area.





INSIDE VIEW OF THE MILL

Nugget Pond Mine
gold production (thousand ounces)



Richmont also included \$500,000 in its exploration budget to renew the mine reserves, which currently have a four-year life. The Company intends to consolidate its assets over the long term by intensifying its exploration activities, but also through other means such as acquiring neighbouring properties and forming joint ventures.

In 1997, surface exploration and underground drilling were carried out to provide data for structural analysis. Two holes drilled into the footwall near the access ramp yielded very encouraging results. Samples taken on section 9975 revealed two intersections that returned values of 0.45 ounces of gold per ton over a true width of 7.5 feet and 0.50 ounces per ton over 20.6 feet. The second drill hole in section 9987.5 revealed an intersection of 0.15 ounces of gold per ton over 20 feet. These results confirm the possibility of considerably increasing reserves at the Nugget Pond Mine.

Gold reserves for the mine are estimated at 475,000 tons grading 0.34 ounces of gold per ton as at December 31, 1997, representing a total of 160,500 ounces of gold.

ENVIRONMENT

Richmont has been environmentally conscious since the project began, and is committed to respecting government regulations regarding environmental protection. The main environmental issues at the Nugget Pond Mine are waste water control and tailings disposal. Waste rock is recycled and used as underground backfill. The approximately 480,000 tons of tailings solids produced by the mining operation undergoes cyanide destruction using the Inco





MINER RAY WIMBLETON

PROUDLY DISPLAYS A

GOLD BAR PRODUCED AT

THE NUGGET POND MINE.

process before being discharged into the tailings pond. The objective of the environmental program is to return the site and hydrographic basin to their natural pre-development state.

In 1997, environmental compliance samples were collected and analyzed as specified on the authorization certificate granted by the government authorities. The results of analyses performed to date confirm that the parameters are within acceptable limits.

HUMAN RESOURCES

Ninety per cent of the workers involved in mill construction and mine development were from Newfoundland. Since entering into production, the Nugget Pond Mine has maintained a workforce of 71 people, almost exclusively from the area. Richmond was able to employ local people as many of the residents have extensive mining experience. All workers are helping to achieve Nugget Pond's objective, which is to produce gold safely and efficiently while protecting the environment.





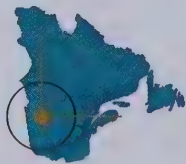
CAMFLO MILL

amflo

AT THE CAMFLO MILL

reached a record

SINCE BEING ACQUIRED
BY RICHMONT IN 1993



A TEAM OF
WORKERS
ENGAGED IN
PREVENTATIVE
MAINTENANCE
ACTIVITIES.

The Camflo Mill processes ore from the Francoeur and Beaufor mines as well as from other gold producers in the Abitibi region. In total, the Camflo Mill processed a record 343,000 tons of ore from four mines in 1997, up from the 323,000 tons of ore processed in 1996. The mill is operating at 80% of its capacity, and achieved a recovery of 96.7% compared to 96.0% in 1996. The mill is expected to maintain this production level in 1998.

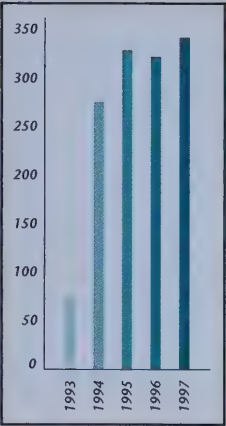


The Francoeur Mine supplied 160,000 tons of ore to the Camflo Mill compared to 163,000 tons in 1996. This production is expected to be maintained in 1998. The Beaufor Mine provided 131,000 tons of ore compared to 102,000 tons in 1996 and is forecast to produce 175,000 tons of ore in 1998. The remaining 52,000 tons of ore processed in 1997 belonged to other clients.

The Camflo Mill provides its clients with an enviable milling performance, which is achieved through a scrupulously applied equipment maintenance and milling system improvement program. Construction work is also carried out on an as-required basis; in 1997, among other things, the structure under the filters at the Camflo Mill was rebuilt, the fire prevention system was improved and repairs were made to the refinery floor. Devices were also installed to reduce noise and dust levels in the workplace. Finally, each year the Company must qualify to receive certification for the conveyor scale calibration.

On the safety front, no compensable accident occurred, which helped bring Richmond's safety record to a total of 734 accident-free days. Subsequently, the team of workers at the Camflo Mill achieved the 100,000-hour milestone in time worked without a compensable accident. This is a remarkable achievement, and Richmond employs every means available to ensure that this excellent record is maintained.

Camflo Mill production
(thousand tons)





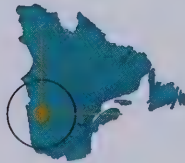
LOUVEM MINES

ouvem

UNDERTOOK

*a takeover
bid*

AIMED AT INCREASING
ITS INTEREST IN LOUVEM



A WORKER AT THE
BEAUFOR MINE
MEASURES THE
THICKNESS OF
THE QUARTZ VEIN.



In May 1997, Richmond undertook a takeover bid by way of exchange.

Under the terms of this offer, 8,681,444 shares of Louvem Mines were tendered to Richmond. Combined with the shares it already held, the Company now holds over 18 million shares of Louvem Mines, raising its stake in that company from 36% to 69.3%. Consequently, Louvem's financial results have been consolidated with those of Richmond since July 1, 1997.



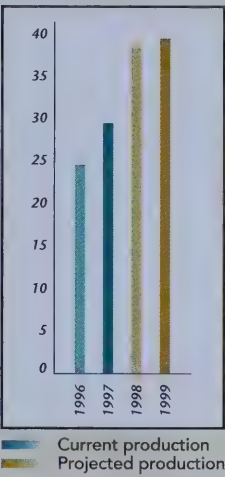
The Beaufor Mine, which is held equally by Louvem Mines and Aurizon Mines, the mine operator, produced 29,800 ounces of gold in 1997 at a cash cost of US\$307 per ounce, compared to 25,000 ounces at a cost of US\$285 per ounce in 1996. The increase in Richmond's holdings in Louvem Mines added 9,000 ounces to Richmond's production figures, representing 50% of the Beaufor Mine production for the second half of the year.

Total 1997 production amounted to 131,000 tons of ore grading 0.23 ounces of gold per ton compared to 102,000 tons of ore at 0.25 ounces per ton in 1996. All the ore mined from the Beaufor Mine is processed at Richmond's Camflo Mill. Gold recovery for 1997 was 98.8% compared to 99.0% in 1996.

Thanks to extensive development work carried out in 1997, the Beaufor Mine is expected to produce 38,000 ounces of gold at a cash cost of US\$271 per ounce in 1998, which represents 19,000 ounces for Richmond.

At December 31, 1997, proven, probable and possible reserves at the Beaufor Mine were estimated to be 872,000 tons of ore grading 0.24 ounces of gold per ton. In addition to the Beaufor Mine, Louvem Mines owns other gold properties in the Val d'Or area. However, no exploration work was carried out on these properties in 1997.

Beaufor Mine gold production (thousand ounces)



ANNUAL REVIEW: 1993 TO 1997

Years ended December 31	1997	1996	1995	1994	1993
Key financial data (thousands of CAN dollars)					
Total revenue	38,736	20,101	20,191	20,643	13,919
Operating costs	22,246	12,256	12,612	11,978	8,387
Transportation and refining	1,566	1,319	1,462	1,605	1,031
Royalties	441	—	—	—	—
Administration	1,542	1,217	750	884	572
Capital tax	317	158	147	111	86
Foreign exchange loss	100	87	—	—	—
Interest	820	—	—	—	—
Depreciation and depletion	8,012	1,736	1,967	1,255	616
Net earnings	2,370	2,908	2,871	4,401	3,206
Cash provided by operating activities	10,168	6,650	3,745	6,405	4,133
Fixed assets	39,623	33,787	15,977	12,538	11,777
Capital expenditures	8,542	19,537	5,416	2,016	3,336
Liquid assets	12,286	11,768	11,631	14,047	13,346
Total assets	64,383	55,383	38,254	36,369	31,877
Working capital	6,044	9,351	12,985	14,383	13,116
Long-term debt	4,315	7,538	—	—	148
Shareholders' equity	43,208	38,221	32,739	30,505	26,246
Key per share data					
Earnings (CAN\$)	0.16	0.20	0.20	0.32	0.27
Cash flow from operations (CAN\$)	0.67	0.46	0.26	0.46	0.35
Weighted average number of shares outstanding (thousands)	15,094	14,462	14,447	13,776	11,960
Shares outstanding (thousands)	15,674	14,695	14,418	14,522	12,004
Key production data (ounces of gold)					
Francoeur Mine	29,000	30,100	29,500	36,400	28,400
Nugget Pond Mine	34,800	—	—	—	—
Beaufor Mine (consolidated with Richmond)	9,000	—	—	—	—
Total production	72,800	30,100	29,500	36,400	28,400
Proven, probable and possible reserves (ounces of gold)					
	594,500	519,500	603,400	421,000	198,500
Key per ounce data					
Average exchange rate	0.72 1.00	0.73 1.00	0.73 1.00	0.73 1.00	0.78 1.00
Selling price	490 354	543 398	535 391	506 369	484 376
Market price	460 331	529 388	527 384	525 384	464 360
Operating cost					
Direct costs	298 215	375 275	374 273	358 262	361 280
Depreciation and depletion	105 76	46 34	58 42	29 21	20 16
Total cost	403 291	421 309	432 315	387 283	381 296
Number of employees	282	147	137	129	65



MANAGEMENT'S DISCUSSION AND ANALYSIS

Despite the difficulties experienced by the industry in 1997 including the slump in gold prices on world markets, Richmont maintained its prudent approach in matters such as cost control. In spite of the unfavourable context, Richmont managed to post a profit for the sixth consecutive year and succeeded in placing the Nugget Pond Mine in Baie Verte, Newfoundland in production.

Following the acquisition of the Nugget Pond property in January 1996 and the initiation of mine development that same year, and after an investment of \$27 million including the property purchase, mine development and mill construction, the Nugget Pond Mine entered into commercial production on April 1, 1997, on schedule and within budget. Most of Richmont's investment expenditures for 1996 and 1997 were allocated to this project. Access to credit facilities for the most part enabled the Company to preserve its working capital, liquid assets and financial structure in completing the Nugget Pond project.

At December 31, 1997, working capital stood at \$6,043,862, down from \$9,350,622 a year earlier, due mainly to an increase in the current portion of the long-term debt.

In June 1997, Richmont made a takeover bid to acquire all the outstanding shares of Louvem Mines on a share exchange basis. When the offer closed, Richmont held 69.3% of the outstanding shares. Consequently, Louvem's results have been consolidated with those of Richmont since July 1, 1997.

The start-up of the Nugget Pond Mine and the increased stake in Louvem Mines resulted in a 93% increase in Richmont's total revenues, which amounted to \$38,736,267 for 1997 compared to \$20,100,912 for 1996. Net earnings for 1997 were \$2,370,046 or \$0.16 per share compared to \$2,907,840 or \$0.20 per share in 1996. The variance was mainly attributable to the decline in world gold prices.

Richmont plans to continue growing through acquisitions, development and reserve renewal. At the end of 1997, Richmont had proven, probable and possible reserves of 594,500 ounces of gold, compared to 519,500 ounces in 1996.

Since it came on stream in 1991, the Francoeur Mine has always replaced its mined ore through the ongoing search for reserves. Exploration activities conducted at the Francoeur Mine in 1997 led to the discovery of Zone 7, a new gold-bearing zone. These deposits add 525,000 tons of ore grading 0.20 ounces of gold per ton to the mine's possible reserves. A further 145,000 tons grading 0.17 ounces of gold per ton were added to reserves through exploration in the West Zone. In total, the Francoeur Mine now

has 330,000 ounces of gold in overall reserves, or 1.7 million tons of ore grading 0.19 ounces of gold per ton, compared to 1.2 million tons at an equivalent grade or 239,000 ounces of gold in 1996.

The Nugget Pond Mine had proven and probable reserves of 430,000 tons grading 0.35 ounces of gold per ton as at December 31, 1997, representing 150,000 ounces of gold. Possible reserves stand at 45,000 tons of ore grading 0.23 ounces of gold per ton, bringing total reserves for the Nugget Pond Mine to 160,500 ounces of gold.

The Beaufor Mine contained proven, probable and possible reserves of 872,000 tons of ore at a grade of 0.24 ounces of gold per ton at the end of 1997, or 208,000 ounces of gold compared to 212,000 ounces of gold in 1996. The 50% share of the mine to which Richmont has access represents 104,500 ounces of gold.

In 1997, the Camflo Mill processed the ore from the Francoeur and Beaufor mines as well as ore from other gold producers in the Abitibi region. The volume of ore processed at the mill is expected to rise slightly in 1998, to about 350,000 tons.

Other events of note that occurred in 1997 include the positive outcome to Richmont's efforts to list on the American Stock Exchange (AMEX). Shares of the Company began trading on the exchange in March 1997. In addition, Richmont's work force grew considerably in 1997, totalling 282 people by year-end compared to 147 a year earlier.

REVENUES

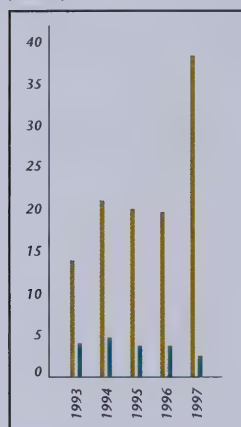
Richmont's profitability is directly related to its production costs, but also in large part to the market price of gold. Richmont's revenues from gold sales are in US dollars. In order to protect itself against fluctuations in the gold price and the exchange rate between the Canadian and US dollars, Richmont has established a hedging program whereby it can sell a maximum of 100,000 ounces of gold over a 36-month period, and can enter into foreign exchange contracts for up to \$45 million with various institutions.

Richmont's total revenues amounted to \$38,736,267 compared to \$20,100,912 in 1996. This substantial increase is mainly due to the start-up of the Nugget Pond Mine and consolidation of Louvem's production. In fact, revenues from gold sales more than doubled in 1997, rising to \$35,680,939 from \$16,357,832 in 1996. These are excellent results, particularly given that the average selling price per ounce of gold was US\$354 in 1997 compared to US\$398 in 1996.

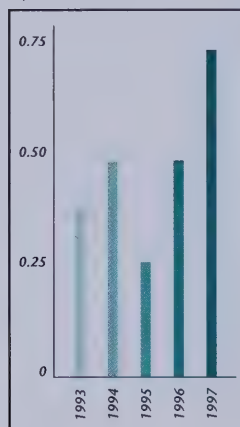
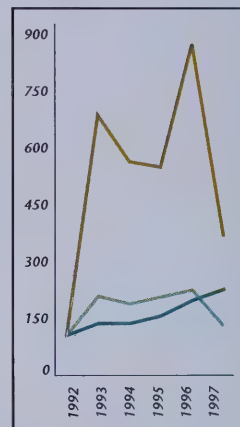


MANAGEMENT'S DISCUSSION AND ANALYSIS

(CONT'D)

Revenues and net earnings
(million \$)

Revenues
Net earnings

Cash flow from operations
(\$ per share)Cumulative
shareholder return

Richmont
TSE gold and precious metals
TSE 300

Richmont's production totalled 72,800 ounces of gold in 1997, considerably higher than the 30,100 ounces of gold mined in 1996. The Francoeur Mine produced 29,000 ounces of gold, slightly less than the 30,100 ounces generated in 1996. The increase in the Company's total production is therefore attributable to the start-up of the Nugget Pond Mine, which contributed 34,800 ounces to 1997 production, and the integration of production from the Beaufor Mine. The increase in Richmont's holdings in Louvem added 9,000 ounces of gold to its production, 50% of the Beaufor Mine production for the second half of the year.

The Camflo Mill processed ore from the Francoeur and Beaufor Mines as well as from other gold producers in the Abitibi region, for a total of 343,000 tons compared to 323,000 tons last year. Although the quantity of ore processed rose by 20,000 tons in 1997, milling revenues were \$2,658,000 compared to \$3,086,000 in 1996, with the portion attributable to Louvem eliminated due to consolidation after July 1, 1997. Custom milling of ore from mines other than Francoeur and Beaufor represents about 52,000 tons per year.

In 1998, Richmont's gold production should rise as the Nugget Pond Mine will be in production for 12 months compared to nine months in 1997, and the share of production from the Beaufor Mine will represent 12 months of production rather than six months as in 1997. The Company's revenues will therefore increase proportionately.

EXPENSES

Operating costs represent 62% of 1997 revenues or \$22,246,012 compared to 75% or \$12,256,147 in 1996. This improvement results mainly from the start-up of the Nugget Pond Mine where cash costs are US\$143 per ounce, while those at the Francoeur Mine are US\$273 per ounce. Cash operating costs for Richmont's overall production stand at US\$215 per ounce compared to costs of US\$275 in 1996.

In 1997, with the start-up of the Nugget Pond Mine, the Company paid royalties on gold production and ore processing that amounted to \$441,312 during the year.

Administrative costs increased slightly to \$1,541,843 in 1997 from \$1,217,285 in 1996. This rise is attributable to the commencement of production at the Nugget Pond Mine, changes in Richmont's logo at the beginning of 1997 and the listing of shares on the American Stock Exchange (AMEX).

Interest charges of \$820,160 on the long-term debt in 1997 represent interest paid between April 1 and December 31. Before this, interest was capitalized under the Nugget Pond Mine construction project. The average interest rate paid in 1997 was 7.70% compared to 7.48% in 1996.

Depreciation and depletion totalled \$8,011,779 compared to \$1,736,002 in 1996. This increase was due to the start-up of the Nugget Pond Mine and consolidation with Louvem in the second half of the year.

The total tax charge for 1997 amounts to \$1,354,643 compared to \$601,221 last year. As of 1996, the Company no longer benefits from deferred losses from prior years. Revenues subject



to the income tax provision are therefore \$2,669,546 for 1997 compared to \$603,773 in 1996 and none in 1995. However, most of the tax charges for 1997 consist of \$893,290 in deferred income tax that will become payable at some future, as yet unknown, date. Details can be found in Note 11 to the consolidated financial statements.

The Company has qualified for the Newfoundland and Labrador government's Economic Diversification and Growth Enterprises (EDGE) program in relation with the Nugget Pond project. This program will enable Richmond to benefit from a provincial tax rebate for the first ten years of operation.

Since increasing its stake in Louvem Mines as of July 1, 1997, Richmond has consolidated its results with those of the subsidiary. Therefore, before that date, the Company posted its share of Louvem's losses for the first six months of 1997 totalling \$156,316. After that date, a share of the loss for the last six months of 1997, which amounts to \$188,252, is charged to the minority shareholders.

CASH FLOW

Operations

Cash flow from operations improved substantially in 1997 to \$10,167,878 or \$0.67 per share from \$6,650,334 or \$0.46 per share last year. This 53% increase was mainly due to the opening of the Nugget Pond Mine, which generates greater cash flow for the Company due to its low production cost.

Investments

Liquid assets applied to investment activities in 1997 amounted to \$13,007,210 compared to \$18,681,921 in 1996 and \$5,523,646 in 1995. Capital expenditures totalled \$8,541,778, down from \$19,536,788 in 1996 and \$5,416,273 in 1995. The greatest portion was allocated to the Nugget Pond Mine for the period from May 1995 to March 1997, and included property acquisition, mine development and mill construction. In 1997, a sum of \$5,916,100 was spent at the Nugget Pond Mine, \$1,785,806 at the Francoeur Mine and \$439,719 at the Camflo Mill.

Subsequent to a takeover bid made during the year for the shares of Louvem Mines, Richmond's stake in that company, which previously stood at 36%, rose to 69.3%. The holdings acquired through the bid cost the Company \$3,376,752 after deducting \$298,060 in acquired liquid assets. This sum was paid through the issuance of shares worth \$3,264,188 and cash payments of \$410,624.

As planned, the Company conducted a \$674,902 exploration program on the Lac Fortune property. A net amount of \$415,100 was capitalized

under deferred expenses following the recovery of 573 ounces of gold; the resulting revenues will be used to reduce the related costs.

Financing

On September 6, 1996, Richmond entered into an agreement with a Canadian chartered bank for a US\$9 million (CAN\$12 million) term loan and a CAN\$2 million credit margin for the construction of the Nugget Pond Mine. For the term loan, the Company signed a mortgage in favour of the bank covering the Francoeur and Nugget Pond Mines and the Camflo Mill. The credit margin is secured by the Company's accounts receivable and inventories. The credit margin bears interest at the Canadian prime rate and can be used for current operations.

The term loan bears interest at prime plus 1% or LIBOR plus 1.75%. At March 1, 1997, Richmond had used the entire amount of the term loan. The term loan is repayable in 12 quarterly instalments of US\$750,000. The Company can also make early payments without penalty on a five-day notice, provided they are of a minimum of \$1 million and the funds are from operations or an equity financing.

In relation with this loan, a sum of \$222,238 in interest was capitalized in the first quarter of 1997. This is in addition to the \$171,714 capitalized in 1996, bringing the total amount capitalized to \$393,952. At December 31, 1997, the Company had made two payments of US\$1 million each, totalling CAN\$2,748,950. The current portion of the loan at December 31, 1997 was \$5,689,158, given a required accelerated repayment calculated in accordance with a percentage set at 25% of annual excess funds calculated in accordance with the terms of the agreement.

Subsequent to the agreement dated January 9, 1996 regarding the acquisition of the Nugget Pond property, the Company issued 200,000 common shares on December 31, 1996 and an additional 200,000 common shares on December 31, 1997. Under the terms of the agreement, a sum of \$778,000 was paid in January 1998 to compensate for the difference between the agreed upon amount of \$7 per share and the market price of Richmond's shares at the end of 1997.

In order to increase its holdings in Louvem Mines, Richmond issued 738,504 common shares representing a sum of \$3,264,188 subsequent to a takeover bid for Louvem's shares completed on July 11, 1997.

The Company's share buyback plan, which is still in effect, enabled Richmond to buy 45,000 of its common shares on the market at an average price of \$3.13 in 1997.



MANAGEMENT'S DISCUSSION AND ANALYSIS

(CONT'D)

Given all of the above, Richmond received a net amount of \$3,357,135 from its financing activities compared to \$12,168,715 in 1996 and a use of funds of \$636,889 in 1995.

Liquid Assets

The Company had liquid assets of \$12,285,995 as at December 31, 1997 compared to \$11,768,192 a year earlier. It is therefore in a good financial position to take advantage of any interesting business opportunities that may arise.

BALANCE SHEET

Assets and Liabilities

Richmont's total assets stood at \$64,382,539 at December 31, 1997, up 16% from \$55,382,738 a year earlier.

At \$16,617,579, current assets were slightly higher than the previous year, when they were \$15,077,505. However, working capital for 1997 was \$6,043,862, down from \$9,350,622 in 1996. This decline resulted mainly from the increase in the current portion of long-term debt, which rose to \$5,689,158 from \$2,055,900 in 1996.

At December 31, 1997, the value of fixed assets had once again grown, reaching \$39,622,765 compared to \$33,787,050 in 1996. This increase reflects the consolidation of the new subsidiary, Louvem Mines, as well as the investment in the Nugget Pond Mine.

The Company's long-term debt for 1997 remained essentially unchanged at \$10,004,400 compared to \$9,594,200 in 1996. This situation reflects the fact that the Company drew down the two final increments of US\$1,000,000 each at the beginning of the year, and had repaid a total of US\$2,000,000 on the loan by the end of 1997. The variance between the debt balances is caused by different exchange rates at the end of each of the two years.

In 1996, Richmond filed restoration plans for the Francoeur and Nugget Pond Mines and the Camflo Mill, in accordance with the provincial laws and regulations governing the environment. Consequently, a provision of \$1.5 million for site restoration was charged to the balance sheet, covering total net restoration costs based on management's estimates. In 1997, the Company received ministry approval for the proposed plans.

Shareholders' Equity

Taking into account the 45,000 shares bought back during the year, the Company issued a total of 978,852 common shares, representing a net increase of \$4,084,564 in capital stock.

The level of retained earnings continued to rise, reaching \$17,282,897 in 1997 compared to \$14,980,230 in 1996, a reflection of the Company's profitability.

HEDGING

In order to protect itself against the impact of fluctuations in the gold price and exchange rate, Richmont practices a policy of hedging gold and the US dollars received from gold sales. On a long-term basis, this strategy assures the Company of future stability and a minimum level of profitability.

In 1997, this strategy resulted in a premium of US\$23 per ounce of gold over the average market price. In 1996, the premium was US\$10 per ounce.

Gold hedging positions at the end of 1997 corresponded to about 50% of forecast 1998 production. The Company's gold hedging program in fact covers 48,000 ounces of gold for 1998 at an average price of US\$377 through forward sales contracts and options. The average selling price on the forward sales contracts, which cover 27,000 ounces, is US\$376 per ounce. The price under the put options, which cover 21,000 ounces

	1997	1996	1995
Gold Hedging (ounces)			
Spot sales	27,752	6,084	5,471
Hedging	45,000	24,000	24,000
Total sales	72,752	30,084	29,471
	(US\$)	(US\$)	(US\$)
Average price obtained	354	398	391
Average gold price	331	388	384
Premium per ounce	23	10	7
US Dollar Hedging			
US dollars hedged	26,000,000	18,000,000	13,000,000
Average exchange rate obtained	1.3523	1.3799	1.3885
Average exchange spot rate	1.3844	1.3636	1.3626
Premium (discount) (CAN\$)	(834,600)	293,400	336,200



of gold, is US\$379 per ounce, while on the call options, it is US\$422 per ounce.

The Company plans to pursue its hedging policy in the coming years. At December 31, 1997, the fair market value of these financial instruments stood at about \$5,460,000 compared to \$1,490,000 in 1996.

At the end of 1997, the Company had also hedged the exchange rate for a total of US\$41,500,000 at an average rate of 1.3436

compared to US\$44,000,000 at the end of 1996 at a rate of 1.3428. US dollar hedging breaks down as follows: US\$27,500,000 at 1.3420 in 1998 and US\$14,000,000 at 1.3470 in 1999. The fair value of these financial instruments at December 31, 1997 was (\$3,192,454), compared to (\$206,725) in 1996.

Financial derivatives are used only in accordance with the Company's hedging policy, and not for speculative purposes.

Hedging position at the end of 1997

Gold	Ounces	Average price
1998		
Forward	27,000	US\$376
Put	21,000	US\$379
Call	21,000	US\$422
US Dollars		
	Amount	Average exchange rate
Forward		
1998	\$27,500,000	1.3420
1999	\$14,000,000	1.3470

OUTLOOK

Richmont has initiated the year 2000 transition process related to computer technologies. In partnership with five other mining companies in the Abitibi region, the Company has mandated a specialized firm to ensure that the transition does not have a harmful effect on its accounting activities. The related costs, which should total about \$140,000, will be shared among the six companies. With regard to the impact on other computer applications, the Company is presently compiling changes to be made and monitoring the situation so that the matter is dealt with before the turn of the millennium.

The new accounting standards approved by the Canadian Institute of Chartered Accountants call for Canadian companies to change the way income tax is accounted for in their financial statements. These new standards are aimed at improving harmonization with the rules currently in effect in other countries, in particular in the United States. Companies have until the year 2000 to comply with the new regulations. Richmont did not consider it necessary for the moment to

undertake the transition, which requires that prior year adjustments be made.

Despite the difficult conditions that prevail in the industry, Richmont has posted a profit for six years running. It expects to continue this pattern by practising tight cost control. The start-up of the Nugget Pond Mine proved an unmitigated success in this regard. The mine operated at a cash cost of US\$143 at year-end, among the lowest in North America, thus helping to lower Richmont's total direct costs. While these costs are already below the industry average, Richmont will continue to seek ways to reduce them further.

The pursuit of cost control through solid financial management combined with the drive to renew reserves at its mines and rigorous application of its gold project assessment techniques are all in line with the Company's objective of being one of the lowest cost gold producers in the industry. Combined, these elements should continue to assure the Company's profitability while preserving shareholder value.



MANAGEMENT'S DISCUSSION AND ANALYSIS

(CONT'D)

SHARE TRADING INFORMATION

At the end of 1997, the price of Richmond's stock was \$3.30 for a market capitalization of \$51,873,066. In comparison, the share price was \$5.80 at the end of 1996 for a market capitalization of \$85,209,000. This decline reflects the drop in gold prices on world markets, which affected the stock prices of most gold companies.

However, Richmond is optimistic about the future and expects the stock price to rise with gold prices. Furthermore, Richmond's listing on AMEX provides heightened visibility.

	1997	1996	1995
Common Shares			
Outstanding	15,674,111	14,695,259	14,417,759
Fully diluted	17,338,589	16,147,259	15,826,459
Closing price	\$3.30	\$5.80	\$3.60

	Quarter	Share Volume (000's)	High	Low	Close
TORONTO STOCK EXCHANGE (CAN\$)					
1997	First	429	7.00	5.00	5.55
	Second	296	5.75	5.00	5.20
	Third	498	5.00	4.40	5.00
	Fourth	600	5.85	2.75	3.30
1996	First	688	5.13	3.60	4.25
	Second	341	5.40	4.30	5.40
	Third	437	5.80	5.05	5.15
	Fourth	268	5.90	4.90	5.75
1995	First	473	3.70	3.00	3.25
	Second	526	3.60	3.00	3.30
	Third	526	3.45	2.90	3.00
	Fourth	315	3.60	2.75	3.60

MONTREAL EXCHANGE (CAN\$)

1997	First	311	7.00	5.00	5.55
	Second	462	5.75	5.00	5.05
	Third	409	5.10	4.45	5.05
	Fourth	474	5.90	2.75	3.30
1996	First	1,120	5.13	3.50	4.35
	Second	585	5.30	4.25	5.30
	Third	499	6.00	5.05	5.20
	Fourth	347	5.90	4.75	5.80
1995	First	188	3.70	3.00	3.25
	Second	210	3.60	3.00	3.30
	Third	372	3.45	2.90	3.00
	Fourth	1,162	3.60	2.75	3.50

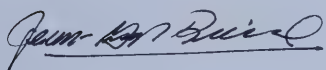
AMERICAN STOCK EXCHANGE (AMEX) (US\$)

1997	First	59	5 1/8	4 1/8	4 1/4
	Second	136	4 1/4	3 1/2	3 5/8
	Third	84	3 3/4	3 3/16	3 1/2
	Fourth	156	4 1/8	1 7/8	2 3/8



MANAGEMENT'S REPORT

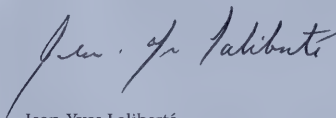
Management of the Company is responsible for the consolidated financial statements and all of the information included in this annual report. The consolidated financial statements are prepared in accordance with generally accepted accounting principles in Canada and necessarily include estimates and opinions of management based on the information available to it. The financial information presented elsewhere in the annual report is consistent with the consolidated financial statements. Management maintains a system of internal accounting and administrative controls to produce reasonable assurance that transactions are properly authorized, assets are safeguarded and financial data are maintained in such a manner as to provide pertinent and reliable consolidated financial statements.



Jean-Guy Rivard
President

The consolidated financial statements have been audited by KPMG, Chartered Accountants. Their report outlines the scope of their examination and expresses an opinion on the consolidated financial statements.

The Board of Directors has appointed an audit committee composed predominantly of independent directors. The audit committee and external auditors meet on a semi-annual basis, with or without management being present, to review the consolidated financial statements and discuss audit-related matters. On the recommendation of the audit committee, the Board of Directors has approved the Company's consolidated financial statements.



Jean-Yves Laliberté
Vice President, Finance

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the consolidated balance sheets of Richmond Mines Inc. as at December 31, 1997 and 1996 and the consolidated statements of earnings, retained earnings and cash flow for each of the years in the three years ended December 31, 1997. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 1997 and 1996 and the results of its operations and the cash flow for each of the years in the three years ended December 31, 1997 in accordance with generally accepted accounting principles.



Chartered Accountants
Rouyn-Noranda, Quebec
January 23, 1998



CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF EARNINGS

Years ended December 31, (in Canadian dollars)	1997	1996	1995
	\$	\$	\$
REVENUES			
Precious metals	35,680,939	16,357,832	15,761,676
Milling	2,658,210	3,085,672	3,231,813
Interest and other	397,118	657,408	1,197,889
	38,736,267	20,100,912	20,191,378
EXPENSES			
Operating costs	22,246,012	12,256,147	12,611,531
Transportation and refining	1,565,554	1,318,608	1,461,930
Royalties	441,312	—	—
Administration	1,541,843	1,217,285	750,424
Capital tax	317,243	157,521	147,289
Foreign exchange loss	99,611	87,050	—
Interest on long-term debt	820,160	—	—
Depreciation and depletion	8,011,779	1,736,002	1,966,965
	35,043,514	16,772,613	16,938,139
<i>Earnings before undernoted items</i>	3,692,753	3,328,299	3,253,239
<i>Mining and income taxes (note 11)</i>	1,354,643	601,221	40,782
	2,338,110	2,727,078	3,212,457
<i>Minority interest</i>	188,252	—	—
<i>Share in income (loss) of a related company</i>	(156,316)	180,762	(341,704)
NET EARNINGS	2,370,046	2,907,840	2,870,753
EARNINGS PER SHARE	0.16	0.20	0.20
<i>Weighted average number of common shares outstanding</i>	15,094,288	14,462,352	14,446,902

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

Year ended December 31, (in Canadian dollars)	1997	1996	1995
	\$	\$	\$
BALANCE, BEGINNING OF YEAR	14,980,230	12,072,390	9,586,782
<i>Net earnings</i>	2,370,046	2,907,840	2,870,753
	17,350,276	14,980,230	12,457,535
Redemption of shares (note 6)	(67,379)	—	(385,145)
BALANCE, END OF YEAR	17,282,897	14,980,230	12,072,390

See accompanying notes to consolidated financial statements.



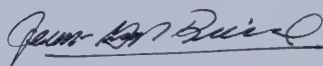
CONSOLIDATED BALANCE SHEETS

December 31, (in Canadian dollars)

	1997 \$	1996 \$
ASSETS		
<i>Current assets</i>		
Cash	6,670,541	3,116,277
Short-term investments	2,087,590	6,996,446
Gold bullion	3,527,864	1,655,469
Accounts receivable	1,411,913	1,460,009
Advances to a related company	—	1,100,000
Inventories	2,774,964	703,784
Prepaid expenses	144,707	45,520
	16,617,579	15,077,505
<i>Investments</i> (note 2)	—	2,126,829
<i>Deferred exchange losses related to long-term debt</i>	348,639	—
<i>Fixed assets</i> (note 3)	39,622,765	33,787,050
<i>Deferred expenditures</i>	7,793,556	4,391,354
	64,382,539	55,382,738
LIABILITIES AND SHAREHOLDERS' EQUITY		
<i>Current liabilities</i>		
Accounts payable and accrued charges	4,212,564	3,670,983
Deferred revenue on gold hedging	671,995	—
Current portion of long-term debt (note 4)	5,689,158	2,055,900
	10,573,717	5,726,883
<i>Long-term debt</i> (note 4)	4,315,242	7,538,300
<i>Provision for site restoration costs</i> (note 5)	1,500,000	1,500,000
<i>Deferred mining and income taxes</i>	3,437,579	2,396,321
<i>Minority interest</i>	1,347,536	—
	21,174,074	17,161,504
SHAREHOLDERS' EQUITY		
Capital stock (note 6)		
Authorized:		
Unlimited number of common shares		
Issued and paid:		
December 31, 1997: 15,674,111 (1996: 14,695,259)	25,925,568	21,841,004
Capital stock to issue	—	1,400,000
Retained earnings	17,282,897	14,980,230
	43,208,465	38,221,234
	64,382,539	55,382,738

See accompanying notes to consolidated financial statements.

On behalf of the Board,



Jean-Guy Rivard
Director



Denis Arcand
Director



CONSOLIDATED FINANCIAL STATEMENTS

(CONT'D)

CONSOLIDATED STATEMENTS OF CASH FLOW

Years ended December 31, (in Canadian dollars)	1997 \$	1996 \$	1995 \$
OPERATIONS			
Net earnings	2,370,046	2,907,840	2,870,753
Non-cash items:			
Depreciation and depletion	8,011,779	1,736,002	1,966,965
Amortization of deferred foreign exchange loss and financing costs	185,111	—	—
Minority interest	(188,252)	—	—
Share in loss (income) of a related company	156,316	(180,762)	341,704
Deferred mining and income taxes	893,290	123,420	(202,347)
	11,428,290	4,586,500	4,977,075
Net change in non-cash working capital items affecting operations	(1,260,412)	2,063,834	(1,232,467)
<i>Cash and equivalents from operating activities</i>	10,167,878	6,650,334	3,744,608
INVESTMENTS			
Acquisition of a subsidiary net of cash and equivalents (note 2)	(3,376,752)	—	—
Long-term investments	—	1,220,515	(356,731)
Reimbursements (advances) to a related company	(650,000)	(350,000)	250,000
Acquisition of fixed assets	(8,541,778)	(19,536,788)	(5,416,273)
Deferred expenditures	(438,680)	(15,648)	(642)
<i>Cash and equivalents applied to investing activities</i>	(13,007,210)	(18,681,921)	(5,523,646)
FINANCING			
Long-term debt	2,710,900	9,594,200	—
Repayment of long-term debt	(2,748,950)	—	—
Payable on acquisition of a property (note 6)	778,000	—	—
Issue of common shares	3,536,149	1,174,515	86,222
Capital stock to issue (reduction)	(778,000)	1,400,000	—
Redemption of common shares	(140,964)	—	(723,111)
<i>Cash and equivalents from (applied to) financing activities</i>	3,357,135	12,168,715	(636,889)
<i>Increase (decrease) in cash and equivalents</i>	517,803	137,128	(2,415,927)
<i>Cash and equivalents, beginning</i>	11,768,192	11,631,064	14,046,991
<i>Cash and equivalents, ending (note 7)</i>	12,285,995	11,768,192	11,631,064
Supplemental disclosures of cash flow information			
Cash paid during the year for:			
Taxation	595,301	280,373	243,129
Interest	906,228	94,154	—

See accompanying notes to consolidated financial statements.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 1997, 1996 and 1995 (Amounts in the tables are presented in Canadian dollars)

The Company, incorporated under Part 1A of the Quebec Companies Act, is engaged in mining, exploration and development of mining properties, principally gold.

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements are prepared in accordance with generally accepted accounting principles in Canada. As described in note 12, those principles differ in certain material respects from those principles that the Company would have followed had its consolidated financial statements been prepared in accordance with generally accepted accounting principles in the United States. The significant accounting policies followed by the Company are as follows:

a) Basis of consolidation:

The consolidated financial statements include the accounts of the Company and those of its subsidiaries, Camflo Mill Inc. (100%) and Louvem Mines Inc. (69.3%).

b) Revenue recognition:

Precious metals revenue, based upon spot metal prices or forward sales contracts, is recorded when gold bullion is produced. Revenue may be subject to adjustment on final settlement to reflect changes in metal market prices.

c) Gold bullion:

Gold bullion is valued at estimated net realizable value.

d) Inventories:

Stockpiled ore is valued at the lower of average cost and net realizable value.

Supplies are valued at the lower of average cost and replacement cost.

e) Investments:

Short-term investments are recorded at cost which is equivalent to market value. It comprises highly liquid investments.

f) Fixed assets and deferred expenditures:

Direct exploration and development costs are deferred until a decision is made to bring an ore body into production or it is determined that a property is not economically viable. When a project is abandoned, the related costs are charged against current earnings. Deferred costs are reduced by related ore development revenue and subsidies.

When a project is brought into commercial production it is transferred to fixed assets and is depleted on the units of production method calculated on the proven and probable reserves. Depreciation of buildings and related equipment is calculated using the straight-line method based on their anticipated useful life, which are 10 and 5 years, respectively.

Construction in progress includes interest on funds borrowed. These costs are capitalized until the end of the construction period. Upon commencement of commercial production, construction costs are transferred to the various categories of buildings and equipment and will be amortized on the same basis as fixed assets.

Financing cost are amortized using the straight-line method based on the remaining term of the long-term debt to which they pertain.

Mining properties and deferred expenditures are reduced for impairment whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. If estimated future cash flows expected to result from the use of the properties and their eventual disposition are less than the carrying amount, then these properties are written down to their estimated recoverable amount determined on a non-discounted basis.

g) Site restoration costs:

Estimated future restoration costs relating to the Company's operations are charged against earnings over the economic life of the properties.

h) Deferred mining and income taxes:

Deferred mining and income taxes result from differences in the timing of recognition of transactions for tax and financial statement purposes.

i) Foreign currency translation:

Monetary assets and liabilities are translated at the rate of exchange in effect at the balance sheet date. Items pertaining to the statement of earnings are translated at the rate of exchange prevailing at the date of the transaction. The gains or losses resulting from the translation are recorded in net earnings, except for unrealized gains or losses from translation of long-term monetary items which are deferred and amortized over their remaining life.

j) Hedging activities:

Gains and losses on futures contracts and other instruments that effectively establish prices for future production are not recognized in income until reflected in sales revenue when the related production is delivered.

k) Earnings per share:

Earnings per share have been calculated using the weighted average number of outstanding shares during the year.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**(CONT'D)**

Years ended December 31, 1997, 1996 and 1995 (Amounts in the tables are presented in Canadian dollars)

2. INVESTMENTS

	1997 \$	1996 \$
9,462,071 common shares of Louvem Mines Inc., representing 36.1% of voting shares, on equity basis	—	2,101,829
Other investments, at cost	—	25,000
	—	2,126,829

Acquisition of a subsidiary

As a result of a public purchase offer, the Company acquired control of Louvem Mines Inc., on July 11, 1997, increasing its ownership from 36.1% to 69.3% of the outstanding shares. Prior to the takeover, Richmond's interest in Louvem was accounted for on the equity basis. Louvem's operating results are included in these consolidated financial statements from July 1, to December 31, 1997.

The excess of the purchase price over the net book value of the net assets acquired has been allocated to the fixed assets acquired.

The acquisition has been accounted for by the purchase method as follows:

Net assets acquired		
Working capital		
Cash	\$	270,793
Gold bullion		27,267
Non-cash working capital		254,714
		552,774
Fixed assets		3,183,834
Deferred expenditures		2,963,522
Advances to a related company		(1,750,000)
		4,950,130
Participation acquired		33.18%
		1,642,453
Excess of purchase price over net book value		2,032,359
		\$ 3,674,812
Consideration paid in: – Cash	\$	410,624
– Common shares		3,264,188
		\$ 3,674,812

3. FIXED ASSETS

	1997			1996		
	Cost \$	Accumulated depreciation and depletion \$	Net book value \$	Cost \$	Accumulated depreciation and depletion \$	Net book value \$
Mining properties and development costs	28,199,994	6,712,708	21,487,286	8,293,845	2,603,473	5,690,372
Buildings	8,886,495	2,739,791	6,146,704	4,152,119	1,512,411	2,639,708
Equipment	17,851,868	5,863,093	11,988,775	7,180,768	3,108,029	4,072,739
Nugget Pond Project under construction and development	—	—	—	21,384,231	—	21,384,231
	54,938,357	15,315,592	39,622,765	41,010,963	7,223,913	33,787,050

Capitalized interest

Construction in progress at December 31, 1996 includes interest of \$171,714 which was capitalized during the year. For the first three month of 1997, prior to the beginning of commercial production, an amount of \$222,238 of interest was capitalized for a total of \$393,952 during the construction of Nugget Pond.



4. LONG-TERM DEBT

	1997 \$	1996 \$
Term secured loan (US\$7,000,000) bearing interest at 1% over the prime rate or LIBOR plus 1.75% which during 1997 averaged 7.70% (7.48% in 1996).	10,004,400	9,594,200
Current portion	5,689,158	2,055,900
	4,315,242	7,538,300

The Company also has an available line of credit as at December 31, 1997, of \$2,000,000. The line of credit as well as the long-term debt are secured by all the Corporation's assets.

Instalments to be paid quarterly over the next 2 years are as follows: 1998: \$5,689,158 (US\$4,000,000) and 1999: \$4,315,242 (US\$3,000,000).

5. PROVISION FOR SITE RESTORATION COSTS

The Company's mining and exploration activities are subject to various federal and provincial laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect the public health and the environment. As at December 31, 1997, the Company has a \$1,500,000 (1996: \$1,500,000) provision to cover known site restoration costs based on management's estimate of such costs. Such estimates are, however, subject to change based on modifications to laws and regulations or as new information becomes available.

Since the estimated salvage value of the mining assets related to the Nugget Pond and the Beaufor (50%) properties exceeds their estimated restoration costs, no amount is recorded under provision for site restoration in the Company's financial statements in relation to these properties.

6. CAPITAL STOCK

Authorized: Unlimited number of common shares, no par value

	1997		1996		1995	
	Number of shares	Amount \$	Number of shares	Amount \$	Number of shares	Amount \$
Issued and paid: common shares						
Balance, beginning of year	14,695,259	21,841,004	14,417,759	20,666,489	14,521,959	20,918,233
Issue of shares ^(a)	938,504	3,886,188	200,000	1,000,000	—	—
Redemption of shares ^(b)	(45,000)	(73,585)	—	—	(234,700)	(337,966)
Exercise of options ^(c)	85,348	271,961	77,500	174,515	130,500	86,222
Balance, end of year	15,674,111	25,925,568	14,695,259	21,841,004	14,417,759	20,666,489

(a) Issue of shares:

Pursuant to the agreement signed on January 9, 1996 for the acquisition of the Nugget Pond property, the Company issued 200,000 common shares on December 31, 1996, and 200,000 additional common shares on December 31, 1997. To conform with the agreement, an amount of \$778,000 was paid in January 1998, to cover the difference between the agreed price of \$7 per share and the market price of the Company's shares at year end.

The Company issued 738,504 common shares pursuant to the public offer for Louvem Mines Inc., concluded on July 11, 1997.

(b) Redemption of shares:

During 1997, the Company redeemed 45,000 common shares (1995: 234,700) for \$140,964 cash (1995: \$723,111). This transaction has reduced retained earnings by \$67,379 (1995: \$385,145).

(c) Common share purchase options:

Share purchase options on 1,664,478 common shares granted to directors, officers and full-time employees were outstanding as at December 31, 1997, and exercisable at prices varying from \$2.85 to \$6.15 per share for periods up to December 2002.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**(CONT'D)**

Years ended December 31, 1997, 1996 and 1995 (Amounts in the tables are presented in Canadian dollars)

7. CASH AND EQUIVALENTS

	1997 \$	1996 \$	1995 \$
Cash	6,670,541	3,116,277	3,136,430
Short-term investments	2,087,590	6,996,446	7,062,228
Gold bullion	3,527,864	1,655,469	1,432,406
	12,285,995	11,768,192	11,631,064

8. COMMITMENTS

The Company pays a royalty equal to 2% of the ounces of gold produced on the Nugget Pond property and \$1.50 per tonne of ore processed, up to a maximum of 100,000 tonnes per year.

The Company would also be subject to pay royalties if some of its other properties are brought into commercial production.

The Company has posted a letter of credit for \$1,230,000 as security for its site restoration obligation.

9. RELATED PARTY TRANSACTIONS

Before the acquisition of control, the Company was already related to Louvem Mines Inc., over which it had the ability to exercise significant influence on the operations. On July 11, 1997, the Company increased its ownership from 36.1% to 69.3%. Since that date, the results and the transactions between the parties are eliminated on consolidation.

Related party transactions are as follows:

	1997 \$	1996 \$	1995 \$
Louvem (before the acquisition of control):			
Milling from the Beaufor Mine (50%)	488,380	967,419	465,595
Interest and other	186,196	191,612	126,529
Salaries and fringe benefits	13,517	205,209	135,774

Those transactions were measured at the exchange amount and were conducted in the normal course of operations.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The nature of the Company's operations as well as the long-term debt in US dollars expose the Company to fluctuations in foreign currency exchange rates and commodity prices. The Company manages its exposure to these risks through the use of derivative financial instruments and commodity contracts.

The Board of Directors approves all policies concerning the use of derivative financial instruments and commodity contracts. The Company does not hold any financial instruments or derivative financial instruments for trading purposes.

Foreign exchange risk management

The Company realizes a significant portion of its revenues in US dollars and enters into various types of foreign exchange contracts in managing its foreign exchange risk.

	1997		1996	
	Fair value \$	Notional amount \$	Fair value \$	Notional amount \$
Forward exchange contracts				
US dollars maturing in 1998, average rate of 1.3420 (1996: 1.3318)	(2,263,591)	27,500,000	66,905	20,000,000
US dollars maturing in 1999, average rate of 1.3470	(928,863)	14,000,000	—	—
US dollars maturing in 1997, average rate of 1.3523	—	—	(273,630)	26,000,000



10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Commodity price risk management

For its gold production, the Company reduces its price risk through the use of forward sale contracts and put and call options.

As at December 31, 1997, under forward sales and options, the Company hedged a total of 48,000 ounces of gold for 1998. The average price for forward contracts on 27,000 ounces of gold is US\$376. The average price for 21,000 ounces of gold under put and call options ranges from US\$379 to US\$422.

The fair value of the Company's off-balance sheet financial instruments is based on the notional gain or loss accrued using the market prices on the reporting date and at December 31, 1997 was approximately a gain of \$5,460,000 (1996: \$1,490,000) for the forward sale contracts and put and call options.

Interest rate risk management

The Company's exposure to interest risk at December 31, 1997, relates to its short-term investments and its long-term debt. The Company's short-term investments have a fixed weighted average yield rate of 3.02%. The carrying amount of short-term investments and long-term debt approximate fair value at December 31, 1997.

Credit risk management

Financial instruments which subject the Company to market risk and concentrations of credit risk consist primarily of cash, short-term investments and accounts receivable, forward contracts and option contracts for currencies and gold. The Company places its cash and short-term investments in high quality securities issued by government agencies, financial institutions and major corporations and limits the amount of credit exposure by diversifying its holdings. The Company is exposed to credit risk in the event of non-performance by counterparties in connection with its currency and metal forward and option contracts. The Company does not obtain any security to support financial instruments subject to credit risk but mitigates this risk by dealing only with a diverse group of financially sound counterparties and, accordingly, does not anticipate loss for non-performance. The Company continually monitors the market risk of its hedging activities.

11. INCOME TAXES AND MINING TAXES

The provision for income and mining taxes differs from the amount that would have resulted from applying federal and provincial statutory income tax rates of 34.33% (1996: 37.74%; 1995: 37.74%) to earnings.

	1997 \$	1996 \$	1995 \$
Earnings before income taxes	3,692,753	3,328,299	3,253,239
Resource allowance	(2,173,047)	(901,172)	(794,775)
Income from a subsidiary not recognized for tax purposes	—	—	(756,617)
Depreciation not deductible on purchase price allocation	357,908	145,828	145,828
Tax benefits of losses not recognized	533,512	—	—
Utilization of losses carried forward	—	(1,992,109)	(1,881,702)
Non deductible expenses	133,715	22,927	34,027
Others	124,705	—	—
Earnings for which income tax provision is required	2,669,546	603,773	—
Income taxes	916,541	227,864	—
Large corporations tax	110,117	69,920	40,782
Mining duties	327,985	303,437	—
Total income and mining tax provision	1,354,643	601,221	40,782
Current income and mining taxes	461,353	477,801	243,129
Deferred income and mining taxes	893,290	123,420	(202,347)
Total income and mining tax provision	1,354,643	601,221	40,782

EDGE program

Pursuant to its investments on the Nugget Pond property the Company has been granted Economic Diversification and Growth Enterprises (EDGE) status by the Government of Newfoundland and Labrador. The Company will benefit from a provincial tax remission for its first 10 years and subsidy for permanent job creation.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**(CONT'D)**

Years ended December 31, 1997, 1996 and 1995 (Amounts in the tables are presented in Canadian dollars)

12. THE EFFECT OF APPLYING UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada.

The effect of applying United States generally accepted accounting principles ("U.S. GAAP") on net earnings is as follows:

	1997 \$	1996 \$	1995 \$
Net earnings for the year, as reported	2,370,046	2,907,840	2,870,753
Add (deduct):			
Additional depreciation due to adoption of asset and liability method of income tax accounting ^(a)	(26,786)	(26,786)	(26,786)
Differences in deferred income and mining taxes due to adoption of asset and liability method of income tax accounting ^(a)	(217,850)	(358,569)	(1,483,804)
Deferred exchange losses on long-term debt	(226,615)	—	—
Differences in accounting for forward sales of foreign exchange ^(b)	(1,168,763)	(601,754)	255,000
Net earnings for the year, U.S. GAAP	730,032	1,920,731	1,615,163
Earnings per common share, U.S. GAAP	0.05	0.13	0.11

(a) United States accounting standards for income taxes are set forth in SFAS No. 109. FAS 109 changes the Company's method of accounting for income taxes from the deferred method, as recorded under Canadian accounting principles, to an asset and liability method. Under the asset and liability method of FAS 109, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. In addition, FAS 109 requires that deferred taxes be recorded with respect to purchase price differences that arise on consolidation, while under Canadian accounting principles these differences are considered permanent in nature and thus not tax effected.

(b) United States accounting standards prohibit the classification of forward foreign exchange contracts as hedging instruments unless they are matched against specific contracted receipts or obligations of a foreign currency. The Company hedges its exposure to fluctuations to the US dollar in excess of its contracted receipts under its gold forward sales. The fair value of this excess is taken to income under U.S. GAAP.

(c) Beginning in 1996, United States accounting principles allow, but do not require companies to record compensation cost for stock option plans at fair value. The Company has chosen to continue to account for stock options using the intrinsic value method as permitted under Canadian and United States accounting principles.

(d) The effect of the application of the above adjustments on the balance sheet of the Company as at December 31, 1997 would be to increase fixed assets by \$140,639 (1996: \$167,425) deferred tax assets by \$1,693,948 (1996: \$1,054,648) after recording a valuation allowance of \$249,082 (1996: \$176,346), decrease deferred expenses by \$348,639 (1996: Nil), increase current liabilities by \$2,663,374 (1996: \$865,277), decrease the provision for site restoration costs by \$518,925 (1996: \$518,925), increase non-current deferred income and mining tax liabilities by \$4,371,448 (1996: \$4,222,392), and decrease shareholders' equity by \$5,029,949 (1996: \$3,346,671).



12. THE EFFECT OF APPLYING UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (continued)

(e) The definition of cash and equivalents under U.S. GAAP does not include gold bullion or short-term investments with an initial term of greater than 90 days. This, together with the effect of non-cash items, would have the following effect on the consolidated statements of changes in financial position:

	1997 \$	1996 \$	1995 \$
Cash and equivalents, U.S. GAAP, beginning of year	10,112,723	4,198,658	5,046,782
Changes in cash due to U.S. GAAP			
Operating activities on a Canadian basis	10,167,878	6,650,334	3,744,608
Decrease (increase) in gold bullion	(1,872,395)	(223,063)	555,118
Operating activities cash flow, U.S. GAAP	8,295,483	6,427,271	4,299,726
Investing activities on a Canadian basis	(13,007,210)	(18,681,921)	(5,523,646)
Increase in short-term investments	—	6,000,000	1,012,685
Acquisition satisfied through share issue	3,264,188	2,400,000	—
Investing activities cash flow, U.S. GAAP	(9,743,022)	(10,281,921)	(4,510,961)
Financing activities on a Canadian basis	3,357,135	12,168,715	(636,889)
Acquisition satisfied through share issue	(3,264,188)	(2,400,000)	—
Financing activities cash flow, U.S. GAAP	92,947	9,768,715	(636,889)
Cash and equivalents, U.S. GAAP, end of year	8,758,131	10,112,723	4,198,658

13. COMPARATIVE FIGURES

The presentation of certain accounts of the previous years has been changed to conform with the presentation adopted for the current year.



BOARD OF DIRECTORS

Jean-Guy Rivard * ▲

President
Richmont Mines Inc.

Denis Arcand * ▲

Vice President
Director of companies

André Y. Fortier, Lawyer * ▲

Director
President, MSV Resources Inc.

Réjean Houle

Director
*Vice President Hockey and General Manager,
The Montreal Canadiens Hockey Club*

Jean Depatie, B.A., M.Sc., Geol.

Director
President, Consolidated Gold Hawk Resources Inc.

Gilles Loiselle, PC

Director
*Advisor to the Chairman of the Board and
Chief Executive Officer,
Power Corporation of Canada*

Henri Lanctôt, Lawyer

Secretary
Partner, Lafleur Brown Avocats

* Member of the Audit Committee

▲ Member of the Remuneration Committee

OFFICERS

Jean-Guy Rivard

President and Chief Executive Officer

Karol O. Mikulash, P.Eng.

Vice President, Operations

Jean-Yves Laliberté, CA

Vice President, Finance

Line Plante, CA

Controller

SHAREHOLDER INFORMATION

Martin Rivard

Investor Relations

BOARD OF DIRECTORS AND OFFICERS

OPERATIONS

FRANCOEUR DIVISION

André de Guise, P.Eng.
Manager

Jacques Daigneault, B.Sc. Geol.
Chief Geologist

François Girard, P.Eng.
Chief Engineer

Laurent Chevalier
Chief Accountant

Gaétan Lemaire
Mine Superintendent

Réal Benoit
Safety and Human Resources Coordinator

NUGGET POND DIVISION

J. Steven McAlpine
Manager

Allan Cramm
Mine Superintendent

Barry Hummer
Mill Superintendent

Gary Burgess
Chief Accountant

Milton Noel
Safety and Human Resources Coordinator

CAMFLO MILL

Oscar Lafrance
Manager

Réal Lafrenière
Chief Accountant



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Fax: (514) 397-8620

Transfer Agent and Registrar

Montreal Trust Company
Place Montreal Trust
1800 McGill College Avenue
Montreal, Quebec, Canada
H3A 3K9

Telephone: (514) 982-7848

Fax: (514) 982-7580

Co-transfer Agent and**Co-Registrar in the United States**

The Bank of Nova Scotia Trust Company of New York
New York, N.Y.

Auditors

KPMG

Stock Exchange Listings (RIC)

Montreal Exchange (ME)
Toronto Stock Exchange (TSE)
American Stock Exchange (AMEX)

Internet Access

Web site: www.richmont-mines.com

E-mail: info@richmont-mines.com

GENERAL INFORMATION

ANNUAL MEETING OF SHAREHOLDERS

THE ANNUAL MEETING OF SHAREHOLDERS WILL BE
HELD ON TUESDAY, MAY 12, 1998 AT 11:00 A.M.,
AT THE QUEEN ELIZABETH HOTEL, GALERIE 2,
900 RENÉ-LÉVESQUE BLVD. WEST, MONTREAL,
QUEBEC, CANADA

UN EXEMPLAIRE FRANÇAIS DU PRÉSENT RAPPORT
ANNUEL EST DISPONIBLE EN FAISANT LA DEMANDE
À MINES RICHMONT INC. AU 1, PLACE-VILLE-MARIE,
BUREAU 2821, MONTRÉAL (QUÉBEC), CANADA H3B 4R4
TÉLÉPHONE : (514) 397-1410

Disclosure Regarding Forward-Looking Statements

This annual report contains forward-looking statements that include risks and uncertainties. The factors that could cause actual results to differ materially from those indicated in such forward-looking statements include changes in the prevailing price of gold, grade of ore mined and unforeseen difficulties in mining operations, which would affect revenues and costs of production. Other factors that could affect actual results are uncertainties regarding government regulations. Other risks may be detailed from time to time in Richmont's periodic reports.



RICHMONT